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TO RUEHC/SECSTATE WASHDC IMMEDIATE 0720
INFO RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
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RUCPDO/DEPT OF COMMERCE WASHDC IMMEDIATE
RUEHZA/AFRICAN UNION COLLECTIVE
RHHMUNA/HQ USPACOM HONOLULU HI
RHMFIUU/CJTF HOA
RUEKDIA/DIA WASHDC
RUEAIIA/CIA WASHDC
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SUBJECT: COMOROS SHELL BANKS ILLEGAL AND UNAUTHORIZED

1. (SBU) SUMMARY. "Just as the United States is not responsible for the criminals who manufacture counterfeit dollars, so the Comoros should not be blamed for criminals who market banking licenses when they lack the legal authority to issue them." With this argument, Vice Governor of the Central Bank of the Union of the Comoros, Abdou Mohamed Chanfou, reiterated his request for any possible assistance to shut down these illicit entities wherever they may exist. He pointed out the difficulty they face given that these banks are all "virtual" with neither the operators nor the internet servers resident on Comoran soil. END SUMMARY.

2. (U) In a meeting with Poloff November 21, Central Bank Vice Governor Chanfou and Director of the Union Ministry of Finance, Soilih Mohamed Soilih, went over Union Government policies and efforts with regard to shell banking. Both officials, with several staff from both institutions in attendance, emphasized the shell banking issue was a criminal, not a national, problem. The Vice Governor reported on his efforts to communicate to the public on illicit banking taking place outside the Comoros in the name of "Anjouan," noting shell banking entities have no legal standing in the Comoros.

3. (SBU) In January 2008, Chanfou will launch another public relations campaign, again issuing circulars indicating the small number of commercial banks with approved licenses to operate in the Comoros, and the long list of illicit entities, with licenses issued by criminal individuals in Anjouan (and Moheli). Individuals who sold licensing authority, use such ill-gotten authority, or profit from shell banks are in violation of Comoran law.

4. (SBU) Cabinet Director Soilih, with a polite tone of frustration, stated the Union Government does not condone or facilitate license issuance or operation of shell banking entities. He added his concern that Union statements and actions were so far insufficient to address Western government condemnation of the Comoros. Soilih repeated his government's request for technical assistance and international cooperation to resolve the shell bank issue.

5. (SBU) Vice Governor Chanfou likened his country's punishment for shell banks to the global problem of counterfeit U.S. dollars. Like criminals who produce fraudulent U.S. currency, the individuals who sold "Anjouan licensing rights" acted privately for private gain without any legal authority. The sole governing authorities for finance in the Union of the Comoros are the Union Central Bank and Union Minister of Finance. These legitimate Union institutions have

long sought to educate the banking public, discredit the likes of "anjouan.net," and dissuade international financial institutions from doing business with these entities. In addition to public awareness via official circulars on sanctioned and non-sanctioned banks, the Union Government has filed legal proceedings against individuals in France for illegally operating shell banks in the name of Comoros or Anjouan.

16. (SBU) To further make his point about the unfair nature of punishing the Comoros, Vice Governor Chanfou reiterated his government's request for international assistance to shut down shell bank internet sites. Neither servers nor individuals are reported to operate within Comoran jurisdiction. The Union Government lacks the resources or technical expertise to tackle this international financial crime alone. Chanfou candidly asked what percentage of global money laundering is facilitated by Comoran criminals, what steps were taken in other countries where shell banking existed, and why did it seem the Comoros had been singled out as a pariah?

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